

**REGULAR STATE BANKING BOARD MEETING
HELD BY CONFERENCE CALL
OFFICE OF THE COMMISSIONER
DEPARTMENT OF FINANCIAL INSTITUTIONS
2000 SCHAFER STREET, SUITE G
BISMARCK, NORTH DAKOTA**

March 13, 2008

The regular meeting of the State Banking Board was held in the Office of the Commissioner, Department of Financial Institutions, 2000 Schafer Street, Suite G, Bismarck, North Dakota. Chairman Karsky called the meeting to order at 9:02 a.m., Thursday, March 13, 2008, by conference call.

MEMBERS PRESENT: Timothy J. Karsky, Chairman (*Office*)
Ron Braseth, Member (*Mayville*)
Bill Daniel, Member (*Bismarck*)
Lorren Henke, Member (*Wishek*)
Launa Moldenhauer, Member (*Bismarck*)
Roger Monson, Member (*Finley*)
Anita Quale, Member (*Watford City*)

MEMBERS ABSENT: None

ALSO PRESENT: Robert J. Entringer, Secretary (*Office*)
Aaron Webb, Assistant Attorney General (*Office*)

APPROVAL OF MINUTES

Chairman Karsky indicated the Board received copies of the minutes of the regular meeting held on January 10, 2008.

It was moved by Member Monson, seconded by Member Moldenhauer, and unanimously carried, to approve the minutes as presented.

ARTICLES OF AMENDMENT FOR PERPETUAL EXISTENCE

Assistant Commissioner Entringer indicated the Department received Articles of Amendment for perpetual existence from the following banks: First State Bank, Buxton; First State Bank of Cando, Cando; Grant County State Bank, Carson; Heartland State Bank, Edgeley; The Citizens State Bank of Finley, Finley; Garrison State Bank & Trust, Garrison; Bank of Glen Ullin, Glen Ullin; Bank of Hazelton, Hazelton; Union State Bank of Hazen, Hazen; Unison Bank, Jamestown; State Bank of Lakota, Lakota; First United Bank, Park River; The First and Farmers Bank, Portland; Northland Financial, Steele; Farmers Security Bank, Washburn; First International Bank and Trust, Watford City; McKenzie County Bank, Watford; and Security State Bank, Wishek.

Assistant Commissioner Entringer indicated the Department has requested all banks to submit Articles of Amendment to provide for perpetual existence, and approximately 28 banks have not yet submitted Articles of Amendment.

It was moved by Member Braseth, seconded by Member Henke, and unanimously carried to approve the Amendment to the Articles of Incorporation for the 18 banks.

REAFFIRM PRIOR STATE BANKING BOARD APPROVAL VIA MAIL FOR LAKESIDE STATE BANK, NEW TOWN, TO USE THE TRADE NAME PEOPLES BANK

Assistant Commissioner Entringer indicated subsequent to the January 10, 2008, meeting the Department resolved the issue for a trade name for Lakeside State Bank, New Town, who had initially requested to use Peoples Bank and Trust; however, since the bank does not have trust powers, the request was amended to use the trade name Peoples Bank. The request was approved by the State Banking Board via mail vote and the Department is requesting this approval be reaffirmed at this time.

It was moved by Member Monson, seconded by Member Daniel, and unanimously carried to reaffirm the mail vote allowing Lakeside State Bank, New Town, to use the trade name Peoples Bank.

APPROVAL TO PURCHASE AND OWN STOCK IN A CREDIT CARD SERVICE CORPORATION

Assistant Commissioner Entringer indicated a recent examination identified a bank that had not received approval to invest in stock of the Independent Community Bank Services, Inc., as required by statute. Subsequently the Department checked with the Independent Community Banks of North Dakota and found there were seven banks that needed approval. The following banks submitted the necessary letter requests: Heartland State Bank, Edgeley; Bank Forward, Hannaford; Bank of Hazelton, Hazelton; Farmers and Merchants State Bank, Langdon; United Community Bank of North Dakota, Leeds; The Citizens State Bank at Mohall, Mohall; and American State Bank and Trust Company of Williston, Williston.

Assistant Commissioner Entringer indicated he also checked with the Independent Community Bank Services and found there are four banks that had originally invested in the corporation in 1989 that had not received approval; therefore, he is asking the State Banking Board to approve those initial investments even though a letter request had not been submitted. Those banks are: American Bank Center First, Bismarck; State Bank & Trust of Kenmare, Kenmare; Quality Bank, Fingal; and The Citizens State Bank of Finley, Finley.

It was moved by Member Braseth, seconded by Member Quale, and unanimously carried to approve the purchase of stock by the above-listed banks in the Independent Community Banks Service Corporation.

UNISON BANK, JAMESTOWN – REQUEST TO INVEST IN A LIMITED LIABILITY COMPANY

Assistant Commissioner Entringer indicated the Board should have received a copy of the letter from Harvey Huber, President, detailing this situation. Assistant Commissioner Entringer stated Unison Bank had participated in a loan with First Integrity Bank, Staples, Minnesota, secured by property located in Orlando, Florida. The loan eventually defaulted and the lead bank and participating banks foreclosed and at the advice of legal counsel the banks formed a LLC to hold the title to the property as additional protection to the banks regarding any further potential litigation. Unison Bank's investment in the LLC is \$1,122,557 and was based on the advice of legal counsel as stated earlier.

Assistant Commissioner Entringer indicated the Department recommends approval of this investment.

Chairman Karsky indicated that the LLC should be dissolved once the property is sold and Assistant Commissioner Entringer agreed.

It was moved by Member Moldenhauer, seconded by Member Braseth, and unanimously carried to authorize Unison Bank, Jamestown, to invest \$1,122,557 in a subsidiary LLC.

AMERICAN AG CENTER, DICKINSON – REQUEST TO CANCEL ITS LEASE FOR ITS BEACH FACILITY AND TO DEACTIVATE AMERICAN AG CENTER, A WHOLLY-OWNED SUBSIDIARY

Assistant Commissioner Entringer indicated the Board should have a copy of a letter from Don Maus, President/CEO of American Ag Center, indicating that they are requesting permission to deactivate American Ag Center and absorb the existing loan portfolio into the parent bank. In addition they are terminating their lease for office space in Beach and are requesting permission to close that facility. Assistant Commissioner Entringer indicated he suspects the reason for this request is the increasing difficulty in dealing with Agribank with regard to ag credit company subsidiaries.

It was moved by Member Quale, seconded by Member Moldenhauer, and unanimously carried to approve the request by American Ag Center, Dickinson, to deactivate the subsidiary and to close the facility in Beach.

The Board went into closed session at 9:22 a.m.

Timothy J. Karsky, Chairman

Robert J. Entringer, Secretary